

Message Text

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ACTION EA-12

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E.O. 11652: N/A
TAGS: EFIN, AS
SUBJ: AUSTRALIA SEEKS NEW OVERSEAS LOANS

REF: A) CANBERRA 5424, B) 77 CANBERRA 6756, C) 77 CANBERRA
A-103 (ALL NOTAL)

1. ON JULY 19 THE TREASURER, HOWARD, ISSUED THE FOLLOWING STATE-
MENT CONCERNING PROPOSED ADDITIONAL OVERSEAS LOANS:

QTE THE TREASURER, MR.HOWARD, TODAY ANNOUNCED FURTHER ACTION UNDER
THE GOVERNMENT'S ON-GOING OVERSEAS BORROWING PROGRAM.

QTE THE GOVERNMENT, HE SAID, IS CURRENTLY NEGOTIATING A SUBSTANT-
IAL LOAN WITH CREDIT SUISSE, A MAJOR SWISS COMMERICAL BANK;
SUBJECT TO FINAL NEGOTIATIONS AND NECESSARY APPROVALS THE PROCEEDS
OF THE LOAN ARE EXPECTED TO BE RECEIVED ABOUT THE END OF THIS
MONTH.

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QTE IN ADDITION MR. HOWARD SAID HE HAD AUTHORIZED THE PLACING OF
THE COMMONWEALTH'S NAME IN THE QUEUE OF PROSPECTIVE BORROWERS FOR
A PUBLIC BOND ISSUE ON THE JAPANESE CAPITAL MARKET; THE BORROWING,
IF IT WERE PROCEEDED WITH, WOULD BE FOR A SIZEABLE AMOUNT.

QTE THESE BORROWINGS WOULD BE CONSISTENT WITH THE LONG-HELD VIEW
OF SUCCESSIVE COMMONWEALTH GOVERNMENTS THAT AUSTRALIA SHOULD HAVE

A MODERATE LEVEL OF CAPITAL INFLOW OVERALL, ON BOTH PRIVATE AND PUBLIC ACCOUNT, TO SUPPLEMENT DOMESTIC RESOURCES AVAILABLE FOR DEVELOPMENTAL PURPOSES, MR. HOWARD SAID.

QTE LEAD MANAGER FOR THE PROPOSED BOND ISSUE IN TOKYO WOULD BE HTE NOMURA SECURITIES CO., LTD., WITH THE BANK OF TIKYO AS LEAD COMMISSIONED BANK.

QTE MR. HOWARD SAID THAT A DECISION WHETHER OR NOT TO PROCEED WITH THE ISSUE IN TOKYO WOULD BE TAKEN CLOSER TO THE PROPOSED OFFERING DATE, WHICH HE EXPECTED WOULD BE WITHIN THREE MONTHS OR SO, IN THE LIGHT OF MARKET DEVELOPMENTS AND THE COMMONWEALTH'S OVERSEAS BORROWING REQUIREMENTS AT THAT TIME.

2. COMMENT: THE GOA BORROWED A DOLS 1,612 MILLION DURING THE FINANCIAL YEAR JUST ENDED (REF A). NEWLY ANNOUNCED BORROWING PROGRAM FOLLOWS ON HEELS OF THOSE DISCUSSED IN REFS B AND C. ALTHOUGH AUSTRALIAN BALANCE OF TRADE STILL FAVORABLE, MARGIN HAS SLIMMED AS EXPORTS HAVE GROWN LESS RAPIDLY THAN HOPED AND IMPORTS HAVE BEEN HIGHER THAN EXPECTED. WITH CONTINUING GROWTH OF INVIS-IBLES, BALANCE ON CURRENT ACCOUNT HAS BEEN MORE IN DEFICIT THATN USUAL. AS PRIVATE CAPITAL INFLOWS HAVE BEEN LESS THAN HOPED, GOA HAS FELT CONSTRAINED TO ARRANGE NEW OVERSEAS LOANS.
ALSTON

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